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IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

PHONE-MATE, INC.,

Petitioners,

vs.

FORTEL CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED

Has the United States Court of Appeals for the Federal Circuit erred by creating the following disparate rules for interpreting the language of a patent claim in determining whether or not it is patentable over the prior art:

(1) in a district court patent infringement action, a patent claim is to be interpreted as *narrowly* as required to uphold its validity; but

(2) in reexamination proceedings in the Patent Office, a claim is to be given its *broadest* reasonable interpretation?

LIST OF THE PARTIES

All parties to the present controversy are indicated in the caption.

In accordance with Rule 28.1 of the Rules of the Supreme Court, petitioner, Phone-Mate, Inc., has no parent companies, subsidiaries, or affiliates.

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In The
Supreme Court
of the United States
OCTOBER TERM, 1987

PHONE-MATE, INC.,

Petitioners,

v.

FORTEL CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Phone-Mate, Inc., respectfully prays that a Writ of Certiorari issue to review the judgment and opinion in favor of respondent, Fortel Corporation, entered on March 30, 1988, by the United States Court of Appeals for the Federal Circuit in its cause numbered 87-1595.

OPINIONS BELOW

The opinion of the Court of Appeals for the Federal Circuit has not been reported. It is reprinted as Appendix A. The judgment of the Federal Circuit is reprinted as Appendix B. The opinion of the United States District Court for the Central District of California is reported at 5 USPQ2d 1081 (C.D. Cal. 1987), and is reprinted as Appendix C. The judgment

entered by the District Court is reprinted as Appendix D.

JURISDICTION

The judgment of the Court of Appeals for the Federal Circuit was entered March 30, 1988. This Petition for a Writ of Certiorari was filed within ninety days thereafter. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

STATUTES INVOLVED

The statutes at issue in this case are those which preclude the issuance of a patent for an invention which has been described in prior art (e.g., prior publications). Section 102(e) of the patent statute (Title 35, U.S.C.) forbids, *inter alia*, the issuance of a patent on an invention which has been described in a patent issued from an earlier-filed application; and section 103 forbids the issuance of a patent on an invention which is "obvious" in view of the prior art.

Sections 102(e) and 103 read as follows:

> **§102. Conditions for patentability; novelty and loss of right to patent**
>
> A person shall be entitled to a patent unless —
>
> * * *
>
> (e) the invention was described in a patent granted on a application for patent by another

filed in the United States before the invention thereof by the applicant for patent . . . .

§103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. . . .[1]

It is clear from section 112 and the well-settled case law that "the invention" referred to in sections 102 and 103 is that defined by the claims.[2] The pertinent portion of section 112 reads as follows:

§112. Specification

* * *

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention . . . .

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[1] The full text of §§102 and 103, as well as all other sections of the Patent Act cited in this Petition are reprinted in Appendix F.

[2] *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1120-21 (Fed. Cir. 1985).

STATEMENT OF THE CASE

On October 10, 1985, respondent, Fortel Corporation ("Fortel"), filed suit in the Central District of California charging petitioner, Phone-Mate Inc. ("Phone-Mate"), with infringement of claims 1-3 of U.S. Patent No. 3,903,369 (" '369 patent") entitled a "Telephone Answering System with Remote Playback." Federal subject matter jurisdiction was invoked pursuant to 28 U.S.C. §1338(a).

In response, the defendant Phone-Mate challenged the validity of the '369 patent claims in the following two ways:

> (1) Phone-Mate asserted invalidity of the claims in its answer to the complaint, based upon certain prior art patents not considered by the Patent Office when it originally issued the patent; and
>
> (2) Phone-Mate initiated reexamination proceedings in the United States Patent and Trademark Office, asserting that the claims were unpatentable based upon the same prior art patents which were being asserted in the district court proceedings.

The district court refused to stay the litigation pending the outcome of the Patent Office reexamination proceedings. As a result, the district court action and the Patent Office reexamination proceeded concurrently.

In the Patent Office reexamination proceedings, all claims of the '369 patent were determined to be

unpatentable over the prior art.[3] A copy of the final rejection is reprinted as Appendix E. Fortel appealed the final rejection to the Patent Office Board of Appeals. That appeal is still pending.

The district court also held the claims to be unpatentable (i.e., invalid) over the same prior art, and granted petitioner Phone-Mate's motion for summary judgment. *See* Appendix C. In its findings, the district court noted that the Patent Office had reached the same conclusion. Appendix C at C2, Finding No. 4.

On appeal, the Court of Appeals for the Federal Circuit reversed and remanded. In explaining its decision, the Federal Circuit explained that there are two *different* rules of claim interpretation, one to be applied by the courts in evaluating patentability in infringement litigation, and the other to be applied by the Patent Office in evaluating patentability in reexamination proceedings.

These two different rules were articulated as follows in the Federal Circuit's opinion:

> The district court's [claim] interpretation . . . is an unwarranted stretch of the claim language. *In determining the validity of claims of an issued patent, the claims must be construed to uphold their validity, if possible.*

Appendix A at A4 (emphasis added).

> The district court was clearly influenced by the examiner's rejection of the claims on reexamination which may have led to its

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[3] The Examiner found claim 1 of the '369 patent to be anticipated, under 35 U.S.C. §102(e). Claims 2-5 were considered obvious under 35 U.S.C. §103. *See* Appendix E.

> erroneous interpretation of claim 1. . . . First, although the examiner gave a final rejection of the claims, Fortel appealed to the Patent and Trademark Office (PTO) Board of Appeals and the rejection could be reversed. Second, *in a reexamination proceeding, claims are not construed in the same way as in an infringement suit. In proceedings before the PTO, including reexamination, claims are given their broadest reasonable interpretation consistent with the specification. In re Yamamoto*, 740 F.2d 1569, 1571, 222 USPQ 934, 936 (Fed. Cir. 1984).

Appendix A at A4-A5, n.2 (emphasis added).

The Federal Circuit held that the district court erred, as a matter of law, in interpreting the claims of the '369 patent in issue. The '369 patent relates to a telephone answering machine which records messages on a spool of magnetic tape, and which permits the owner to listen to his recorded messages from a distant telephone. The specific invention of the '369 patent involves a particular means for stopping the message tape after all of the recorded messages have been played to the owner.

In order to accomplish this function, the patented answering machine has a clock pulse generator which generates clock pulses as the message tape spool rotates, and a counter which receives the clock pulses. The counter counts up from a reference point as the message tape rewinds to its beginning, and then the counter switches and counts down as the tape plays the messages. When the counter reaches the reference

point, forward movement of the message tape is stopped.

Sole independent claim 1 of the '369 patent (and, per force, all of the dependent claims) recites a "third circuit means" for introducing clock pulses to the counter and a "fourth circuit means" for causing the counter to count up during rewind and to count down during playback.[4]

In the reexamination proceedings, the Patent Office examiner determined that the "third circuit means" and the "fourth circuit means" recitations were broad enough to encompass both mechanical and electrical circuits and that such was disclosed in a prior art patent ('188, to Konno) which described an answering machine with a mechanical circuit causing the counter to count up during rewind and down during playback. The examiner found claim 1 to be unpatentable over the Konno patent under 35 U.S.C. §102(e), and he found the dependent claims to be unpatentable for failure to satisfy the "unobviousness" requirement of 35 U.S.C. §103.

The district court followed the same reasoning as the Patent Office examiner and, as mentioned above, granted summary judgment finding claim 1 to be invalid under 35 U.S.C. §102(e) and finding dependant claims 2 and 3 to be invalid under §103.[5] Appendix C at C11-C13.

In reversing, the Federal Circuit interpreted claim 1 narrowly so as to uphold its validity. Specifically, the

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[4] The full text of claim 1 of the '369 patent is reprinted in Appendix G.

[5] Claims 4 and 5 were not at issue in the district court action.

Federal Circuit interpreted the recited "third circuit means" and "fourth circuit means" to mean *electrical* circuits, notwithstanding the fact that *electrical* circuits are not recited in the relevant claim language. In so doing, the Federal Circuit explained as follows:

> The "clock pulses" in the specification are *electrical* pulses. Claim 1 does not specifically state that the "clock pulses" are electrical pulses because it is unnecessary. The specification speaks only in terms of "clock pulses," it being understood in the context of an electrical circuit that the pulses are electrical.

Appendix A at A4 (footnote omitted).

REASONS FOR GRANTING THE WRIT

A. THE FEDERAL CIRCUIT'S DISPARATE RULES OF CLAIM INTERPRETATION ARE UNNECESSARY AND UNDESIRABLE

The Federal Circuit's decision in this case highlights two disparate rules of claim interpretation. (1) In Patent Office proceedings, the Federal Circuit requires the Patent Office to interpret claims as *broadly* as reasonable. (2) In infringement litigation, the Federal Circuit requires district courts to interpret claims as *narrowly* as necessary to uphold their validity. Petitioner asks this Court to grant a Writ of Certiorari to determine whether this dual standard of claim interpretation should continue.

The facts attendant to this case vividly demonstrate the undesirable and unnecessary consequences of the Federal Circuit's double standards of claim interpretation. The district court's summary judgment[6] of invalidity was held to be erroneous because the district court did not narrowly interpret claim 1, i.e., by reading the unwritten modifier "electrical" into the "clock pulses" recitation. At the same time, the Federal Circuit acknowledged that the Patent Office examiner's identical determination, based upon the "broadest reasonable interpretation consistent with the specification," might well be correct. Appendix A at A4-A5, n.2. In short, according to the Federal Circuit's disparate rules of claim interpretation, a patent claim (e.g., claim 1 of the '369 patent in issue) should be found to be patentable over the prior art (e.g., here, the Konno patent) if patentability is being considered by a district court; but the *same claim* may properly be found to be unpatentable over that *same prior art* if patentability is being considered by the Patent Office (e.g., in a reexamination proceeding).

This dichotomy is not only unacceptable, it is unnecessary. The reason frequently advanced for the disparate rules of claim interpretation is that claims before the Patent Office can be amended to overcome rejection based upon the prior art, but claims in litigation cannot be amended.[7] However, this reasoning overlooks the fact that the patentee of an invalidly

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[6] As the Federal Circuit correctly noted in the second sentence of its opinion, Appendix A at A2, there were no disputed factual issues presented to it; its reversal was based solely on the legal issue of claim interpretation.

[7] *In Re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984).

broad claim can institute reexamination or reissue proceedings in the Patent Office, and can narrow the claims in the Patent Office proceedings to distinguish the claim from the prior art.

B. THE FEDERAL CIRCUIT'S RULE REQUIRING COURTS TO CONSTRUE PATENT CLAIMS SO AS TO UPHOLD THEIR VALIDITY IS NOT SUPPORTED BY THE DECISIONS OF THIS COURT

Two Supreme Court cases are frequently cited by the Federal Circuit for the proposition that courts are required to construe claims to uphold their validity.[8] In *Klein v. Russell*, 86 U.S. 433 (1864), this Court stated that courts "should proceed in a liberal spirit, so as to sustain the patent and the construction claimed by the patentee himself, *if this can be done consistently with the language which he has employed.*" *Id.* at 466 (emphasis added). However, *Klein* does not justify resort to details found only in the specification to uphold an otherwise invalid claim.

In *Klein*, the patent related to a method of tanning leather. The claim read as follows: "[I claim] the employment of fat liquor in the treatment of leather, substantially as specified." The claim was invalid if it was read to include the use of cold fat liquor. Relying on the express claim language, "substantially as specified," this Court limited the claim to include only

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[8] *See, e.g., ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572 (Fed. Cir. 1984); *Carman Indus., Inc. v. Wahl*, 724 F.2d 932 (Fed. Cir. 1983).

the use of hot fat liquor as described in the specification. *Id.*

In the other frequently cited case, *Turrill v. Michigan Southern and Northern Ind. R.R.*, 68 U.S. 491 (1864), this Court said that patents are "to receive a liberal construction [and are] if practicable, to be interpreted so as to uphold and not destroy the right of the inventor." *Id.* at 510. The patent in question related to a device for repairing and welding rails used in railroads. The claim recited a device having "a movable press block having its edge formed to the side of a rail . . . [for] facilitating the difficult operation of welding and renewing the ends of such rails after they have been damaged in the manner herein described." *Id.* at 493.

The lower court in *Turrill* held the claim to be invalid on the basis of prior art devices having movable press blocks shaped to receive various articles such as anchors, angle iron, and bayonets. This Court reversed, holding that the claim did not include all "movable press blocks, in combination, with faces of various shapes and used for various purposes . . . [but, the] [i]nvention was of such a movable press block as is described, having its edge formed to the side of a rail . . . and combined and operating in the particular way described, for the special purpose of effecting the described result." *Id.* at 511-12. Notably, all the limitations relied on to uphold the claim are found in the express language of the claim.

The *Klein* and *Turrill* decisions do not sanction resort to details found only in the specification, i.e., not recited in the express language of the claim, to save the

claim from invalidity.[9] Both *Klein* and *Turrill* support the proposition that only express claim language should be relied on in evaluating a claim's patentability over the prior art.

This cannon of claim construction was eloquently expressed as follows by Justice Bradley in *White v. Dunbar*, 119 U.S. 47, 51-52 (1886):

> Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express. . . . The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.

Petitioner respectfully submits that in the present case the Federal Circuit erred when it read into claim 1 the unwritten limitation: "electrical." If the patentee desires to so limit its claims, it can do so via the Patent Office's reissue or reexamination proceedings.

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[9] Previous Federal Circuit decisions have also held that limitations found in the examples and embodiments contained in the specification should not be read into the claims. *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985); *D.M.I., Inc. v. Deere & Co.*, 775 F.2d 1570, 1574 (Fed. Cir. 1985;

C. THE POLICIES ADVANCED IN SUPPORT OF THE STANDARD REQUIRING NARROW JUDICIAL CONSTRUCTION OF PATENT CLAIMS ARE NOT COMPELLING.

Proponents of the Federal Circuit's dual standard of claim interpretation reason that a narrow judicial construction of claims is necessary to preserve the rights of an inventor to his invention. In court proceedings, they reason, unlike proceedings before the Patent Office, the patentee does not have the right to amend his claims to distinguish over the prior art. Therefore, they conclude, courts in infringement suits should interpret patent claims in light of the specification so as to preserve for the inventor any aspect of the invention that is a true contribution to the art. *In re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984).

However, this analysis overlooks reissue proceedings[10] and the recently created reexamination procedure.[11] The reexamination procedure allows the patentee (or any other individual) to test the validity of a patent in proceedings before the Patent Office whenever newly discovered prior art publications raise a substantial new question of patentability. During both reexamination and reissue proceedings, the patentee is entitled to narrow existing claims or to add narrower new claims to define his invention over the

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[10] 35 U.S.C. §251.

[11] Congress enacted Public Law 96-517 creating administrative reexamination of issued patents as part of the Patent Act of 1980. It is codified at 35 U.S.C. §301-07, reprinted in Appendix F.

prior art. Both reissue and reexamination proceedings allow the Patent Office to address issues of patentability in the light of pertinent prior art not before it during the original examination of the application for the patent. *See generally* 3 D. Chisum, *Patents* §§11.07[4], 15.04 (1987).

With the availability of reissue and reexamination proceedings, a patentee can resolve any issues of patentability created by prior art not theretofore considered by the Patent Office. If a patentee chooses to forego these options and proceed with the validity challenge in the courts, then the patentee foregoes the opportunity to amend the claims to distinguish over the prior art. However, because the option to amend the claims is present, the rationale for having a double standard of claim interpretation does not exist in cases, such as the present case, where either reissue or reexamination is an option. To allow the patentee to choose between two forums with different rules of interpretation is not consistent with the strong policy of discouraging forum shopping.

Additionally, where, as here, the patentee has the option to amend the claim in concurrent reexamination proceedings and fails to do so, it is particularly inappropriate to uphold the claims by implying a limitation which the patentee has expressly refused to add.

D. THE DISPARATE STANDARDS OF CLAIM INTERPRETATION USED IN JUDICIAL PROCEEDINGS AND REEXAMINATION PROCEEDINGS ARE CONTRARY TO CONGRESS' INTENT IN CREATING THE REEXAMINATION PROCESS.

Congress enacted the reexamination statute to achieve an important public purpose. The statute was part of a comprehensive effort to revive United States industry's competitive vitality by restoring investor confidence in the validity of patents issued by the Patent Office. The bill's sponsors foresaw three principle benefits. First, the new procedure is intended to resolve validity disputes more quickly and less expensively than the often protracted litigation frequently involved in such cases. Second, the procedure is intended to allow courts to refer complex patent validity questions to the expertise of the Patent Office. Finally, reexamination is intended to reinforce investor confidence in the certainty of patent rights by allowing the Patent Office to review "doubtful patents." *See Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 601-02 (Fed. Cir. 1985) (explaining the legislative history and purpose of the reexamination statutes).

The use of disparate rules of claim interpretation in judicial proceedings and Patent Office proceedings frustrates each of these major goals.

A patentee facing a validity challenge or an individual desiring to challenge a patent is presently confronted with the following choice: (1) to proceed in the Patent Office under a broad claim interpretation rule which is more likely to result in a determination of

unpatentability over the prior art; or (2) to proceed in a judicial proceeding where the court is required, if possible, to interpret the claim narrowly so as to uphold its validity. Each party in a validity challenge is likely to view one standard, and thus one forum, as favorable to its position. Each party will institute and diligently pursue the proceeding perceived to be most favorable. At the same time, because the first party to reach a final decision in the forum most favorable to it is likely to emerge the victor, the Federal Circuit's dual standard may encourage procedural abuse and dilatory tactics in the forum perceived to be unfavorable.

As a result, instead of reexamination proceedings providing an efficient and inexpensive alternative proceeding in which to test patentability, the Federal Circuit's disparate rules may create the increased expense of a second proceeding for determining patentability. As in the present case, the inconsistent rules of claim interpretation lead to two different actions in two different forums to decide a single issue. This is not the efficient, inexpensive alternative envisioned by Congress.

Similarly, the courts are not given the benefit of the Patent Office's expertise if the courts are required to apply a standard different from that applied in the Patent Office. To the contrary, by forcing courts to go beyond the express language of the claims in order to uphold the validity of the claims, courts are forced to not only interpret complex and technical claim language, but in essence, to redraft the claims as they should have been drafted during the original examination in the Patent Office. Thus, the dual standard minimizes what was intended to be valuable guidance

to courts confronted with complex technical claim construction issues.

Finally, consistent claim determinations, the last goal of the reexamination statute, are precluded by the use of two distinct rules of claim construction. Already complex patent claims are rendered even more incomprehensible because there is no single rule which investors can apply to predict the validity of patent claims. Rather, the outcome of a validity determination may depend in part on the forum in which the challenge is made as well as the merits of the challenge.

The problem of lack of predictability is further exacerbated because the judicial standard allows courts to rely on language and limitations outside the express claim language. Therefore, it is not enough for investors to read the claim language. They are forced to consider the possibility that a court will look beyond the claim language in resolving validity disputes.

Of course, for any of the congressional objectives to be achieved, patentees must voluntarily choose to use the reexamination procedure. However, statistics for the first four years of the reexamination procedure indicate that the number of reexamination requests is less than one-fifth of the expected number. Neff, *Patent Reexamination — Valuable, But Flawed: Recommendations For Change*, 65 J. Pat. Off. Soc'y p. 582 (1986). The disparate standards of claim interpretation should be unified to encourage patentees to seek reexamination rather than judicial review under the more favorable standard.

E. THIS CASE PRESENTS AN IDEAL OPPORTUNITY TO REVIEW THE IMPORTANT CLAIM CONSTRUCTION RULES USED IN DETERMINING PATENT VALIDITY

In order to institute a reexamination, the Patent Office must find a substantial new question of patentability based on printed patents or publications. If a substantial new question is raised, the Patent Office proceeds on an *ex parte* basis to reexamine all claims of the patent in question. If the patentee is successful in reexamination, the patent emerges from the proceeding with a presumption of validity. 35 U.S.C. §282. Although not bound, the courts may defer to the expertise of the Patent Office in deciding any future validity challenges. On the other hand, if the claims are determined to be unpatentable during reexamination, any pending or future litigation with respect to the patent is laid to rest.

However, as in the present case, reexamination proceedings and judicial proceedings frequently occur simultaneously. As a result, the Patent Office has adopted complex procedural guidelines to avoid the possibility of inconsistent conclusions resulting from the application of disparate rules of claim interpretation in concurrent proceedings.[12] Under these guidelines, reexamination proceedings are stayed once a trial on the merits begins. Similarly, once a judicial decision

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[12] These guidelines are promulgated in 37 C.F.R. §1.565 and Manual of Patent Examining Procedure §§2242, 2286 (5th Edition, 1987), reprinted in Appendix F.

is reached, the Patent Office finds that because the courts have considered the challenge there is no longer a substantial new question of patentability and the reexamination proceedings are terminated.

Thus, although the disparate rules of claim interpretation have a potential impact on every patentability challenge which can be raised in reexamination proceedings, only a few cases, such as the present case, present an actual conflict between a judicial decision and a Patent Office determination. However, the absence of frequent conflict is not indicative of a patent system in good health. Rather, the Patent Office procedures for avoiding inconsistent rulings are a prescription which treats a symptom but leaves the underlying ailment camouflaged and untreated.

This Court now has an opportunity to remedy a problem which repeatedly affects a large number of cases and yet evades effective review because of procedures which conceal the underlying problem.

Even though the Patent Office decision is still under appeal, the present case is ripe for resolution by this Court because the path of appeal leads ultimately to the Federal Circuit. 35 U.S.C. §306 and §141. The Federal Circuit has clearly indicated that it will review the Patent Office's decision under the rule which requires the Patent Office to construe the claim as broadly as reasonable in light of the specification, a standard distinctly different than that applied by the Federal Circuit in reviewing the district court opinion regarding precisely the same claim.

CONCLUSION

The present case presents a unique opportunity for this Court to review a disparate claim interpretation rule which plagues virtually every dispute involving a validity challenge based on prior art. The Court now has the opportunity to review existing standards of claim interpretation to ensure that they are in compliance with congressionally mandated goals. Accordingly, petitioner respectfully submits that it is in order for this Court to grant the Petition for a Writ of Certiorari to review the judgment of the Federal Circuit.

Respectfully submitted,

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APPENDIX A

APPENDIX A

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

87-1595

FORTEL CORPORATION,

Plaintiff-Appellant,

v.

PHONE-MATE, INC.,

Defendant-Appellee.

DECIDED: March 30, 1988

Before RICH, *Circuit Judge*, BALDWIN, *Senior Circuit Judge*, and NIES, *Circuit Judge*.

RICH, *Circuit Judge*.

DECISION

Fortel Corporation (Fortel) appeals from the July 29, 1987, judgment of the United States District

Court for the Central District of California, 5 USPQ2d 1081 (C.D. Cal. 1987), granting Phone-Mate's motion for summary judgment that claim 1 of Fortel's patent No. 3,903,369 ('369) for "Telephone Answering System with Remote Playback" is invalid for anticipation under 35 USC 102(e) and that claims 2 and 3 are invalid for obviousness under 35 USC 103. We *reverse* and *remand.*

OPINION

The parties dispute whether the "third" and "fourth" circuit means recited in claim 1 are disclosed in patent No. 3,894,188 to Konno. This issue turns solely on claim interpretation, there being no dispute as to any genuine issue of material fact.

Claim 1 recites "third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated." The '369 patent specification shows a microswitch mechanically coupled to the message tape transport that opens and closes for each revolution of the tape feed reel. The microswitch is electrically connected to a resistor which in turn is connected to a grounded capacitor and a Schmitt trigger. The Schmitt trigger supplies clock pulses to an electronic counter in response to the closing of the microswitch. The clock pulses cause the counter to count either forward or backward depending on the state of the up-down control signal.

In Konno, the shaft of the tape drive is mechanically coupled to a pair of mechanical counters. The direction of counting, either forward or backward, depends on the direction of rotation of the tape drive shaft. Each

counter includes a mechanically actuated two-position switch. Apparently, the switch is in one position whenever the counter is counting backward from 0000 and remains in that position when the direction of counting is reversed. The switch then changes position when the counter passes through 0000 as it counts forward and remains in that state as long as the counter is counting above 0000. The switches in turn are connected to relays which control the operation of the answering machine including the direction of the tape drive.

The district court found that all limitations of the "third circuit means" are met by Konno:

> The limitations of the third circuit means reads [sic] on the insides of the counters of Figure 3 [3a and 3b?] of the Konno Reference. The counters are circuit means. They provide clock pulses. And, they are coupled to the message tape.

5 USPQ2d at 1082. The court relied in part on the deposition testimony of Fortel's expert in which he was questioned on the internal workings of mechanical counters. He testified that mechanical counters are made of a series of wheels mechanically coupled to each other. As one wheel completes a full rotation, it causes the next wheel to rotate one-tenth of a turn. Fortel's expert admitted that the coupling between wheels could be referred to as a "pulse" in the sense that one wheel would "provide a mechanical pulse" to the next wheel.

For Konno to "anticipate" claim 1 under §102, however, the "third circuit means" clause in the claim must literally read on the prior art disclosure. *See Lewmar Marine, Inc. v. Barient, Inc.*, 827 F.2d 744, 3

USPQ2d 1766 (Fed. Cir. 1987), *cert. denied*, 108 S.Ct. 702 (1988). That is, there must be a "circuit means coupled to said message storage means" and that means must perform the function of "introducing clock pulses to said up-down counter." The district court found that because the counters in Konno have switches, they are "circuit means" and that the counters are "coupled to the message tape." We cannot agree, however, that these "circuit means," if they be such, also provide "clock pulses" to the counter.

The "clock pulses" in the specification are *electrical* pulses. Claim 1 does not specifically state that the "clock pulses" are electrical pulses because it is unnecessary.[1] The specification speaks only in terms of "clock pulses," it being understood in the context of an electrical circuit that the pulses are electrical.

The district court's interpretation of the term "clock pulses" to read on the "insides," as it called them, of Konno's mechanical counters is an unwarranted stretch of the claim language. In determining the validity of claims of an issued patent, the claims must be construed to uphold their validity, if possible. *Lewmar Marine*, 827 F.2d at 749, 3 USPQ2d at 1770.[2]

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[1] Phone-Mate misrepresents Fortel's answer to Request No. 89 in its Requests for Admission. Phone-Mate says that Fortel admitted that "claim 1 does not require *electrical* clock pulses" (emphasis in original). What Fortel admitted was that claim 1 "does not *state* that the pulses producted by the third circuit means are electrical pulses" (emphasis ours).

[2] The district court was clearly influenced by the examiner's rejection of the claims on reexamination which may have led to its erroneous interpretation of claim 1. The court specifically noted that "[t]he Patent Office [sic] agrees that the counters show the third circuit means" and gave "the Patent Office's expert opinion

Here, the court has done the opposite, reading the term "clock pulses" much more broadly than it is used in the specification to hold the claim invalid. Although Fortel's expert testified that a mechanical counter could be said to generate an internal "pulse," he was not interpreting the term "clock pulse" as used in the claim. That is the issue here, not whether, for want of a better term, the coupling of the wheels in a mechanical counter could also be called a "pulse." Because Konno does not disclose any means "for introducing clock pulses" to the counter, we reverse the district court's holding that claim 1 is invalid for anticipation under §102(e).

The district court's additional holding that dependent claims 2 and 3 are invalid under §103 is based in part on the court's erroneous interpretation of claim 1, from which they depend, and its finding that the Konno patent shows all of the limitations recited in

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weight." 5 USPQ2d at 1082, 1084. First, although the examiner gave a final rejection of the claims, Fortel appealed to the Patent and Trademark Office (PTO) Board of Appeals and the rejection could be reversed. Second, in a reexamination proceeding, claims are not construed in the same way as in an infringement suit. In proceedings before the PTO, including reexamination, claims are given their broadest reasonable interpretation consistent with the specification. *In re Yamamoto*, 740 F.2d 1569, 1571, 222 USPQ 934, 936 (Fed. Cir. 1984).

that claim. Accordingly, we reverse the holding of invalidity as to claims 2 and 3 as well.[3]

[3] We note that on reexamination, the examiner rejected all claims including claim 1 under §103 as unpatentable over Konno considered with patent No. 3,395,401 to Silverman. According to the examiner's final rejection, "The Silverman reference teaches 'electronic' counters and circuit elements to generate 'electronic' clock pulses." The district court, however, did not consider Silverman, and it is not before us on this appeal. Thus, we express no views on whether the subject matter of claims 1-3 would have been obvious in view of Konno and Silverman.

APPENDIX B

APPENDIX B

United States Court of Appeals for the Federal Circuit

87-1595

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FORTEL CORPORATION,

Plaintiff-Appellant,

v.

PHONE-MATE, INC.,

Defendant-Appellee.

Judgment

ON APPEAL from the United States District Court for the Central District of California

in CASE NO(S). CV 86-6656 LEW 01

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED: REVERSED AND REMANDED

ENTERED BY ORDER OF THE COURT

DATED MAR 30 1988

Francis X. Gindhart

Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: APR 20 1988

APPENDIX C

APPENDIX C

District Court, C.D. California

Fortel Corp. v. Phone-Mate Inc.

No. 85-6656-LEW(JRx)
Decided July 29, 1987

Keith D. Beecher and Jessup, Beecher & Slehofer, Santa Monica, Calif., for plaintiff.

Paul L. Gardner, David M. Simon, and Spensley Horn Jubas & Lubitz, Los Angeles, Calif., for defendant.

Waters, Senior District Judge.

FINDINGS OF FACT AND CONCLUSIONS OF LAW ON GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT OF INVALIDITY OF CLAIMS 1-3 OF U.S. PATENT NO. 3,903,369

This Court, having considered defendant's motion for summary judgment that claims 1-3 of U.S. Patent No. 3,903,369 are invalid, and having reviewed the parties' memoranda, exhibits, declarations, pleadings and other papers filed, and having heard the oral arguments of counsel at a hearing held on June 8, 1987, and having decided that defendant's motion should be granted, hereby enters the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. This is a patent infringement suit wherein the plaintiff charges the defendant with infringement of four of the plaintiff's United States patents, including U.S. Patent No. 3,903,369 (the '369 patent), which is the subject of these findings.

2. The plaintiff, Fortel, and the defendant, Phone-Mate, are competitors in the field of telephone answering machines. The defendant Phone-Mate is a California corporation having its principal place of business in this Judicial District.

3. The plaintiff is the owner of the '369 patent.

4. The plaintiff charges the defendant with infringement of only claims 1 through 3 of the '369 patent. While this case was pending, the defendant filed, pursuant to 35 U.S.C. §302 et seq., a request for reexamination of the '369 Patent. Defendant's request was granted and, as of the time of the hearing herein, the Patent Office had determined that all five claims of the '369 patent (including claims 4 and 5 which are not at issue here) were invalid. Exhs. E, G.[1] The matter is now pending before the Patent Office Board of Appeals.

5. The '369 patent is directed to a circuit in a telephone answering machine which permits the machine to play back messages recorded on a message tape. The machine may be remotely operated by the owner calling his or her number and generating an

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[1] All citations in this memorandum are to the attachments to Defendant's Motion for Partial Summary Judgment for Patent Invalidity unless otherwise specified.

audible tone signal to start playback of the message tape.

6. In particular, the circuit recited in claim 1 relates to stopping play back of the message tape after all messages have been transmitted over the telephone line during remote operation of the machine. See col. 4, lines 35-40 of the '369 Patent. Claim 2 recites circuitry for allowing the owner to hear some or all of the messages again by sending a remote tone signal causing the message tape to "backspace for a duration determined by the duration of the received tone signal." See col. 6, lines 48-57 of the '369 Patent. Claim 3 recites a counter to "count down during the duration of the tone signal." See col. 6, lines 58-61 of the '369 Patent.

A. *All Elements of Claim 1 of the '369 Patent are Shown in Figure 3 of the Konno Reference.*

7. Claim 1 recites eight elements, i.e., (i) a telephone answering machine for recording messages on a message tape; (ii) a tone sensing circuit for detecting the remote tone signal; (iii) a first circuit means for starting the rewinding of the message tape in response to detection of the remote signal; (iv) an up-down counter for measuring tape displacement of the message tape; (v) a second circuit means for terminating the rewinding of the message tape when it returns to a reference position (the beginning of the messages); (vi) a third circuit means for providing clock pulses to the counter as the message tape is rewound or played back; (vii) a fourth circuit means that causes the counter to count one way when the tape is moving one way and another way when the tape is moving in reverse; and (viii) the second circuit means stops play back when the counter returns to a reference

count indicating that the last message on the tape has been played back.

8. The Plaintiff has admitted that 6 out of 8 of the elements in claim 1 are shown in Figure 3 of U.S. Patent No. 3,894,188 (the Konno Reference). Admission Nos. 36-40, 46, Exh. B. In particular the plaintiff admits that: (i) Figure 3 of the Konno Reference is a telephone answering system as required by the claim; (ii) the detecting circuit 4 is a "tone sensing circuit" as required by the claim; (iii) the switch Y_{41} and the solenoid SD_1 are a "first circuit means" for starting the rewind as required by the claim; (iv) the counters TC_1 and TC_2 of Figure 3 are the "up-down counter for measuring tape displacement" as required by the claim; (v) the switches Y_{C1} and Y^{C}_{2} are the "second circuit means for terminating" the rewinding as described in the claim; and (vi) the switch y_{C1} is a "second circuit means for terminating" the playback "when said counter returns to its reference count" as required in claim 1.[2]

9. The first of the two elements of claim 1 of the '369 Patent that the plaintiff denies is found in the Konno Reference is the:

> third circuit means coupled to said message [tape] for introducing clock pulses to said up-down counter when said message [tape] is activated.

10. The plaintiff's expert testified at his deposition that the counters TC_1 and TC_2 in Figure 3 of the

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[2] The plaintiff has argued in its opposition that the Konno Reference fails to disclose the up-down counter — notwithstanding its admission that the Konno Reference discloses the counter. The plaintiff has not moved for withdrawal of its admissions.

Konno Reference generate pulses internally and the pulses could be clock pulses. Hanscom Depo. at 196-98; 200. Further, he admitted that the counters have switches Y^C_1 and Y^C_2 [*id.* at 199-200]; thus, the counters are clearly circuit elements. Further, the counters are coupled to the message tape T_2. Exh. D at col. 7, lines 32-38.

11. The plaintiff argues that the mechanical counter cannot meet the requirements of the third circuit means because such counters do not create electrical pulses. *See* Plaintiff's Opposition at 9; Statement of the Patent Owner at 3, Exhibit F. However, the claim does *not* recite that the pulses are electrical. Admission No. 89, Exhibit H.

12. The limitations of the third circuit means reads on the insides of the counters of Figure 3 of the Konno Reference. The counters are circuit means. They provide clock pulses. And, they are coupled to the message tape. The Patent Office agrees that the counters show the third circuit means. *See* Exh. E at 3.[3] All limitations of the third circuit means are met by the Konno Reference.

13. The second element absent from the Konno Reference according to the plaintiff is the:

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[3] The plaintiff quotes from the Patent Office's determination regarding this element and complains that the quoted statement "does not make sense." *See* Plaintiff's Opposition at 8, lines 16-25. If taken in the proper context, that quote does make sense. The quoted third sentence, regarding a "control signal," relates to the plaintiff's argument about the fourth circuit means. *See* Statement of Patent Owner at 3, Exhibit F. The prior two sentences of that quote briefly conclude — as this Court did — that the counters of the Konno reference fully meet the limitation of the third circuit means.

> fourth circuit means coupled to said second circuit means for causing said up-down counter to count from a reference count to a further count as said message storage means is being returned [or is rewinding] to its reference position and for causing said up-down counter to return to its reference count as the telephone answering system is transmitting [or playing back] messages over the telephone line.

As the plaintiff succinctly summarized this element, the fourth circuit means causes the counter "to count one way when the tape is moving forward and to cause the counter to count another way when the tape is moving in reverse[.]" i.e. the fourth circuit means causes the counters to reverse the direction of counting when the tape T_2 reverses. Exh. F.

14. The plaintiff admits that the Konno Reference includes a means that fully meets the functional statement of the fourth circuit means. Plaintiff's Opposition at 9, lines 17-19. However, the plaintiff argues that no fourth *circuit* means is present because the Konno Reference accomplishes this functional limitation through the *mechanical* coupling between the tape drive and the up-down counters. In other words, the plaintiff argues that the direction of counting is reversed due to the mechanical coupling between the tape transport's motor M_2 and the counters TC_1 and TC_2; therefore, the mechanical coupling is purportedly not a circuit means.

15. The plaintiff's argument ignores the fact that the direction of movement of the tape T_2 is controlled via the relay Y_4. If the relay Y_4 is energized or deenergized, the direction of the tape T_2 and its motor

M_2 reverses. Hanscom Depo. p. 194-95. Because the counters TC_1 and TC_2 are coupled to the motor M_2, they reverse their direction of counting when the relay Y_4 is energized or deenergized. Thus, the relay Y_4 — which clearly is a "circuit means" — controls the mechanical coupling between the tape transport motor M_2 and the counters. Therefore the relay Y_4 is a circuit means for causing the mechanical coupling to perform, as the plaintiff admits, the functional limitation described in the fourth circuit means. Therefore, all limitations of this element, the fourth circuit means, are met by the Konno Reference.

16. In the copending reexamination proceeding, the Patent Office has found that Figure 3 of the Konno Reference shows all elements of claim I of the '369 Patent. Exhs. E, G.

17. It is thus apparent that the Konno Reference discloses all limitations of claim 1. B. *Claims 2 and 3.*

18. The defendant does not claim any one reference shows all of the element of claims 2 and 3. Rather, the defendant asserts that these two claims are unpatentable under 35 U.S.C. §103.

19. The defendant cites three separate references in support of its argument that claims 2 and 3 are invalid. One of the references is the Konno Reference that showed all of the limitations recited in claim 1. The other two references are published Japanese Patent Application (Kokai) No. 48-14205, (the Kokai Reference) and U.S. Patent No. 3,673,332 to Muller (the Muller reference).

20. The Kokai Reference shows the circuit shown in Figure 3 of the Konno Reference. Further, the Kokai Reference states that the circuit allows the owner to hear messages a second time by sending a second

remote signal. Exhibit I at p. 9. The plaintiff's expert essentially agrees with this fact. Hanscom Depo. pp. 202-203.

21. Figure 1 of the Konno Reference shows a telephone answering system that rewinds the message tape for approximately as long as a remote tone signal is sent by the owner.

22. The Muller Reference teaches rewinding the message tape during playback for the duration that a button is pressed down by the owner of the machine. Hanscom Depo. pp. 204-05.

23. Claim 2 is dependent on claim 1. It adds that if a remote tone signal is received during playback of the message tape, the circuitry causes the message tape to "back-space for a duration determined by the duration of the received tone signal.

24. The difference between the Kokai Reference and claim 2 of the '369 patent is: in the Kokai the tape will rewind to the beginning of the message tape if a remote signal is received during play back while in claim 2 the message tape will rewind for a duration determined by the remote signal. Compare Exhibit I at p. 9 with claim 2 of the '369 patent.

25. Figure 1 of the Konno Reference and claim 2 are alike in that both cause the message tape to be rewound for a duration determined by a remote tone signal. However, the circuit in Figure 1 of the Konno Reference does not necessarily do this rewinding during the remote operation. Compare Exhibit D at col. 5, line 57 through col. 6, line 2 with claim 2 of the '369 patent.

26. Also a difference between the Muller Reference and claim 2 is: in Muller, the rewinding is done for the

duration that a button is depressed during play back of the messages, while in claim 2, that rewinding is done for a duration determined by the duration of a remote audible tone signal sent over the telephone line. Compare Exhibit J at col. 24, lines 5-12 with claim 2 of the '369 patent.

27. Plaintiff has admitted that the level of skill in the art at the time the '369 patent was filed is that of an electrical engineer with several years' experience in designing analog and digital circuits.

28. In the co-pending reexamination proceeding, the Patent Office examiner has concluded that claim 2 is unpatentable. Exhibits E, G.

29. Claim 3 recites that the circuit described in claim 2 has the counter "count down during the duration of the tone signal." The counters in both the Kokai and the Konno Reference would meet this requirement if they were combined to meet the requirements of claim 2. See Exh. D at col. 7, lines 45-58; Exh. I at 8.

30. In the co-pending reexamination proceeding, the Patent Office has concluded that claim 3 is unpatentable.

31. The plaintiff has not raised any separate arguments about the validity of claims 2 and 3, beyond arguing that claim 1 is valid.

CONCLUSIONS OF LAW

1. This Court has jurisdiction and venue is proper. 28 U.S.C. §§ 1338(a) and 1400(b).

2. Claims are presumed to be valid. 35 U.S.C. §282. The validity of each claim, including dependent claims, is to be considered separately from all other claims.

3. The issue of whether a claim is not novel (i.e. that it is anticipated) is an issue of fact. *See Tyler Refrigeration v. Kysor Industrial Corp.*, 777 F.2d 687, 689 [227 USPQ 845, 846-847] (Fed. Cir. 1985). To determine if a claim is anticipated, "it is only necessary that the claims under attack, as construed by the court, 'read on' something disclosed in the reference, i.e. all limitations of the claim are found in the reference. . . ." *Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 772 [218 USPQ 781, 789-790] (Fed. Cir. 1983).

4. When determining if a prior art reference anticipates a claim containing elements expressed as a means for performing a function pursuant to 35 U.S.C. §112, last paragraph, "the limitations which must be met are those set forth in each statement of function." *RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440, 1445 n.5 [221 USPQ 385, 389] (Fed. Cir. 1984); *see also SSIH Equipment, S.A. v. U.S.I.T.C.*, 718 F.2d 365, 378-79 [218 USPQ 679, 689-690] (Fed. Cir. 1983).

5. Admissions made in response to a request to admit are binding upon the party who made the admissions absent a motion to withdraw or amend the admissions. *Federal Rule of Civil Procedure* 36(b).

[1] 6. Although the decision by the Patent Office that claim 1 of the '369 patent is anticipated may yet be appealed, this Court may give the Patent Office's expert opinion weight. *See Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 [217 USPQ 985, 986] (Fed. Cir. 1983).

7. The Konno Reference is prior art under 35 U.S.C. §102(e) because it was filed in the United States prior to the date that the plaintiff claims is its date of invention. See *Hazeltine Research, Inc. v. Brenner*, 382 U.S. 252, 86 S.Ct. 335, 15 L.Ed.2d 204 [147 USPQ 429] (1965).

8. Since all elements of claim 1 of the '369 patent are found in the prior art Konno Reference, claim 1 of the '369 patent is anticipated and therefore invalid.

9. To determine if a claim is invalid for obviousness, four factual inquiries need to be made:

(i) What is the scope and content of the prior art?

(ii) What are the differences between the prior art and the claimed subject matter?

(iii) What was the level of ordinary skill in the art at the time the patent was filed?

(iv) What objective indicia of non-obviousness are present, if any?

See Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1569 [1 USPQ2d 1593, 1601] (Fed. Cir. 1987); *DMI, Inc. v. Deere & Co.*, 802 F.2d 421, 425 [231 USPQ 276, 278-279] (Fed. Cir. 1986). However, objective indicia of non-obviousness need not-be considered here as the plaintiff has stated in an interrogatory answer that it will not introduce any evidence on this issue at trail. Exh. K.

10. The ultimate conclusion of obviousness is a legal conclusion. *See Panduit*, 810 F.2d at 1569 [1 USPQ2d at 1601].

11. The Konno Reference and the Muller Reference are prior art under 35 U.S.C. §102(e). Each was on file in the United States Patent Office prior to the claimed date of invention of the '369 patent. Further, the Kokai

Reference is prior art under 35 U.S.C. §102(b) because it was published in the Japanese Patent Office more than one year prior to the filing date of the plaintiff's '369 patent. *See Akzo N.V. v. E.I. Dupont de Nemours*, 635 F. Supp. 1336, 1350 [230 USPQ 263, 273-274] (E.D. Va. 1986), aff'd 810 F.2d 1148 [1 USPQ2d 1705] (Fed. Cir. 1987) (Japanese laid open patent application (Kokais) are publications under 102(b)); *see also In re Wyer*, 655 F.2d 221, 225-26 [210 USPQ 790, 793-795] (CCPA 1981) (laid open Australian application is prior art).

12. All three references are also relevant to the field of endeavor for the patentee of the '369 patent, telephone answering machines. Thus, each may be used as prior art in an obviousness determination. *See In re Deminski*, 796 F.2d 436, 442 [230 USPQ 313, 315] (Fed. Cir. 1986).

13. The negative opinion of the patent owner's expert concerning the subject matter of claim 2 is relevant. *See generally Petersen Mfg. Co. v. Central Purchasing, Inc.*, 740 F.2d 1541, 1548 [222 USPQ 562, 567-568] (Fed. Cir. 1984). Further, the Patent Office's determination in the copending reexamination that claims 2 and 3 are unpatentable may be given weight by the Court. *See Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 [217 USPQ 985, 986] (Fed. Cir. 1983).

[2] 14. This Court concludes that invention claimed in claim 2 was obvious when the application for the '369 patent was filed. The Muller Reference's teaching of rewinding the message tape for the duration that a button is held down during playback would have made it obvious for the ordinary skilled artisan to:

> substitute the Konno's Reference's rewinding for the duration of the remote signal in place

of the Kokai Reference's rewinding to the beginning of the messages upon receipt of the second remote tone signal.

15. Claims 1 through 3 of the '369 patent are invalid.

IT IS SO ORDERED.

FINDINGS OF FACT AND CONCLUSIONS OF LAW UPON GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT OF NON-INFRINGEMENT OF U.S. PATENT NO. 3,723,656

This Court, having considered defendant's motion for summary judgment that defendant's telephone answering machines do not infringe claim 1 of plaintiff's U.S. Patent No. 3,723,656 (the '656 patent), and having reviewed the memoranda, exhibits, declarations, pleadings and other papers filed by the parties, and having heard the oral arguments of counsel at a hearing held on June 8, 1987, and having decided that defendant's motion should be granted, hereby enters the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. This is a patent infringement suit wherein the plaintiff charges the defendant with infringement of four of plaintiff's United States patents, including U.S. Patent No. 3,723,656 (the '656 patent), which is the subject of these findings.

2. The plaintiff, Fortel, and the defendant, Phone-Mate, are competitors in the field of telephone answering machines. The defendant Phone-Mate is a California corporation having its principal place of business in this Judicial District.

3. The plaintiff is the owner of the '656 patent.

4. The plaintiff charges the defendant with infringement of only claim 1 of the '656 patent. The defendant has moved for summary judgment that no infringement occurred.

A. *The '656 Patent*

5. The '656 patent is directed to a circuit in a telephone answering machine which permits the owner of the machine to turn the machine on from a remote location by calling the telephone to which the machine is connected to and allowing it to ring for a predetermined number of rings. See col. 1, lines 35-46 of the '656 patent.

6. The preferred embodiment shown in the drawings and described in the specification of the '656 patent accomplishes the foregoing function by means of a relay Y which controls a switch Y-1C to shunt a power switch 18. The relay Y-1 is energized to shunt the power switch when a predetermined number of ring signals occur on the telephone line. A holding circuit comprising switches RE-1 and Y-1A maintains the relay in its energized state.

B. *The Prosecution History of the '656 Patent*

7. Original claim 1 in the application for the '656 patent read as follows:

> In a telephone answering system which comprises electronic circuitry, the combination of: a control circuit responsive to incoming telephone ring signals for producing an output which rises above a particular threshold after a predetermined number of the aforesaid ring signals have been received, and means responsive to said output above said predetermined threshold for completing

and activating circuit[ry] to the electronic circuitry in said telephone answering system.

8. The Patent Office rejected original claim 1 under 35 U.S.C. §102.

9. In response to the section 102 rejection, the plaintiff cancelled application claim 1 and submitted application claim 5 which originally read as follows:

> In a telephone answering system which includes first circuitry for transmitting a recorded message over a telephone line in response to a ring signal, second circuitry for subsequently recording a message received over the telephone line from a calling party, and circuitry including a manually operated switch for activating and de-activating the system, the combination of: a control circuit responsive to incoming telephone ring signals for producing an output which rises above a particular threshold after a predetermined number of the aforesaid ring signals have been received, and circuitry connected to said control circuit and across said manually operated switch for electrically *by-passing* said switch when said output from said control circuit rises above said particular threshold. [Emphasis added.]

10. In adding application claim 5, the plaintiff argued for patentability as follows:

> The combination of the invention, as expressly set forth in the submitted claims 5-7, is a control circuit connected across the manually operated switch of a telephone answering unit . . . to activate the telephone answering unit. . . . The combination of the invention, as

> expressly set forth in the submitted claims 5-7, is a control circuit connected across a manually operated switch of a telephone answering unit, and which responds to a predetermined number of rings received over the telephone line to *by-pass* the switch. . . . [Emphasis added.]

11. The Patent Office rejected application claim 5 under 35 U.S.C. §103.

12. In response to the section 103 rejection, the plaintiff amended application claim 5 to read as follows:

> In a telephone answering system which includes first circuitry for transmitting a recorded message over a telephone line in response to a ring signal, second circuitry for subsequently recording a message received over the telephone line from a calling party, the combination of: circuitry including a manually operated switch for activating and de-activating the system, a control circuit coupled to the telephone line and responsive to incoming telephone ring signals for producing an output which rises above a particular threshold after a predetermined number of the aforesaid ring signals have been received, relay circuitry connected to said control circuit to be activated by said output therefrom, a holding circuit connected to said relay circuitry for maintaining said relay circuitry in said activated condition until said telephone answering system enters a reset mode, and contacts connected across said manually operated switch and operated

by said relay circuitry for electrically by-passing said switch when said output from said control circuit rises above said predetermined threshold and for continuing to by-pass said switch until said telephone answering system enters said resent condition.

13. In amending application claim 5, plaintiff argued for patentability as follows:

> Claim 6 has been cancelled. The subject matter thereof [the relay and the holding circuit] *has been incorporated into the amended claim 5* and the amended claim 5 has been further modified so that it may recite in clear and explicit terms structure distinguishing the system and concept of the present invention from the telephonic remote control arrangement described in the [prior art] patent. . . .
>
> Although it is true that *relay holding circuits* are known, it is believed unobvious to use *a holding circuit* in conjunction with a ring sensitive detector in the manner described and claimed in this application so as to achieve applicant's desired result, and which is beyond the capability of the [prior art] system. [Emphasis added.]

14. The Examiner then amended application claim 5 to read as follows, and it was allowed and became claim 1 of the '656 patent as issued:

> In a telephone answering system which includes first circuitry for transmitting a recorded message over a telephone line in response to a ring signal, and a second circuitry for subsequently recording a mes-

sage received over the telephone line from a calling party, the combination of:

means including a manually operated switch for activating and deactivating the system;

control circuit means coupled to the telephone line and responsive to incoming ring signals for producing an output which rises above a particular threshold after a predetermined number of ring signals have been received;

relay means, connected to said control circuit means to be activated by said output therefrom, for electrically *by-passing* said switch when said output from said control circuit means rises above said predetermined threshold; and

holding circuit means connected to said relay means for maintaining said relay means in an activated condition until said telephone answering system enters a reset mode. [Emphasis added.]

15. In summary, the plaintiff initially sought a claim that recited circuitry generating a voltage above a threshold level in response to ring signals, and circuitry for activating the telephone answering machine when that above-threshold voltage was generated. The Patent Office rejected that claim as being unpatentable under section 102. The plaintiff then rewrote that claim to recite "circuitry for by-passing said switch" that activates the machine. That claim was rejected under section 103. The plaintiff then amended the claim to recite that the circuitry for by-passing the switch was a "relay means" and there

was a "holding circuit means" for keeping the relay means activated, and argued for patentability based on the amendments. It was only after such amendments and arguments were made that the examiner allowed the claim, with further amendments made by him.

C. *The Defendant's Accused Products*

16. The defendant's accused machines include a microprocessor which functions, *inter alia*, to change the number of rings required before the machine will respond to a telephone call. First Karnowski Decl. ¶¶5, 7; Hanscom Depo. pp. 166-67.

17. The accused machines have circuitry which permits the owner to change the number of rings required to cause the machine to answer a call.

18. Defendant's accused machines have a switch which, for example, if pushed once, signals the microprocessor to cause the machine to answer a call after 10 rings. If the switch is pushed again, the computer causes the machine to answer a call after four, two or one ring. First Karnowski Decl. ¶7.

19. Once the accused machine answers a call, e.g., after 10 rings, all subsequent calls will be answered on fewer rings. The microprocessor — in response to a series of stored instructions — causes the machine to respond to the call after fewer rings. *Id.* at ¶8.

20. Defendant's accused machines do not have means for "bypassing said switch" as recited in claim 1, and they do not have either the "relay" or the "holding circuit" recited in claim 1.

D. *Plaintiff's Arguments on Infringement*

21. The plaintiff interprets claim 1 such that the switch in the defendant's accused telephone answering machine responds to the switch recited in claim 1.

22. Plaintiff argues that the term by-pass has a well known lay-person's definition that this Court should use in interpreting claim 1, i.e., that "by-pass" means to "ignore the action of the switch." See page 6 of plaintiff's opposition brief.

23. Even if this definition were legally correct (see Conclusion of Law 7), the defendant's circuits do not *ignore* the action of the switch. Both the defendant and the plaintiff's expert agree that pushing the switch always has an effect on what the defendant's machine will do. Second Karnowski Decl., ¶¶7, 8 attached to Defendant's Reply Brief; Hanscom Depo. p. 165 attached to Defendant's Reply Brief. Thus, the switch in the accused machine is never ignored. Second Karnowski Decl. ¶9. The plaintiff has submitted no evidence to contradict this fact.

24. Technical dictionaries, which the plaintiff's expert agrees are authoritative, define the word by-pass to be synonymous with the term "shunt" or parallel path. Exh. G; Hanscom Depo. pp. 127-28. Both the specification and the prosecution history of the '656 patent are consistent with this definition.

25. The plaintiff's expert agrees that there is not shunt on the switch in defendant's accused machine. Hanscom Depo. pp. 163-64.

26. Defendant PHONE-MATE's machines have neither the relay nor the holding circuit recited in claim 1. The plaintiff agrees, but argues that because the terms relay and holding circuit appear at the start of elements expressed as a means for performing a function, the terms relay and holding circuit are not limitations in the claim. See Opposition at 8. Whether the relay and holding circuit recitations limit the claim is a legal issue. This Court concludes that the plaintiff's

position on that issue is wrong, as a matter of law. See Conclusion of Law 8.

27. Based on the record and the arguments of the parties, no material issues of fact exist to prevent this Court from summarily finding that no literal infringement exists. Plaintiff has only advanced arguments of claim interpretation to avoid the summary judgment. As the claim is properly interpreted, no literal infringement exists because the defendant's accused machines do not have means to by-pass the switch, and they do not have either a relay or a holding circuit for performing the functions recited in the claim.

28. There is not material issue of fact concerning the Doctrine of Equivalents. Plaintiff has submitted no evidence to show that the defendant's accused circuits perform substantially the same function in substantially the same way to achieve substantially the same result as the claimed circuitry.

29. Further, the claim amendments and arguments that the plaintiff made to obtain allowance of claim 1 preclude the claim interpretation necessary to find infringement under the Doctrine of Equivalents. For example, plaintiff argued that the recitation of by-passing the switch patentably distinguished claim 1. To find equivalency where by-passing is absent from the accused machines would improperly permit the plaintiff to recapture subject matter it surrendered in successfully persuading the Patent Office to allow claim 1.

CONCLUSIONS OF LAW

1. This Court has jurisdiction and venue is proper. 28 U.S.C. §§1338(a) and 1400(b).

2. The burden of proving infringement is on the plaintiff in this action. *See Tyler Refrigeration v. Kysor Industrial Corp.*, 777 F.2d 687, 691 [227 USPQ 845, 848] (Fed. Cir. 1985).

3. To infringe a patent, the accused device must fall within the scope of a claim of the patent. *See George v. Honda Motor Co.*, 802 F.2d 432 [231 USPQ 382] (Fed. Cir. 1986) (device lacking claimed structure cannot infringe).

4. To fall within the scope of the claim, the plaintiff must show either: (i) that the words of the claim as properly interpreted literally read on the accused device; or (ii) that the device infringes under the Doctrine of Equivalents; i.e., the accused device performs substantially the same function in substantially the same way to obtain the same result. *See Builders Concrete v. Bremerton Concrete Products*, 757 F.2d 255, 258 [225 USPQ 240, 241-242] (Fed. Cir. 1985).

5. Claim interpretation is an issue of law. See *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 956 [220 USPQ 592, 596] (Fed. Cir. 1986). Here, the plaintiff has only argued that infringement existed based on what the term "by-pass" in the claim means and whether the terms "relay" and "holding circuit" limit the scope of the claim.

6. Terms of a patent claim are to be interpreted as they would be understood by those of skill in the art. *See Schenck v. Norton Corp.*, 713 F.2d 782, 784 [218 USPQ 698, 699-700] (Fed. Cir. 1983). Further, claims

are to particularly point out to the public what the patentee regards as his property. *See* 35 U.S.C. §112, second paragraph.

7. Claims are to be interpreted as they would be by those skilled in the art. *Loctite Corp. v. Ultraseal, Ltd.*, 781 F.2d 861, 867 [228 USPQ 90, 93-94] (Fed. Cir. 1985).

[3] 8. The plaintiff's attempt to ignore the words relay and holding circuit in claim 1 in order to prove infringement is legally improper. The Federal Circuit has cautioned against "alter[ing] what the patentee has chosen to claim as his invention." *SSIH Equipment S.A. v. U.S.I.T.C.*, 718 F.2d 365, 378 [218 USPQ 678, 689-690] (Fed. Cir. 1983). Also see *Ellicott Machine Co. v. United States*, 405 F.2d 1385, 1390-91 [157 USPQ 149, 152-154] (Ct. Cl. 1969) (interpreting hydraulic means to distinguish the claim albeit in a non-patentable manner from non-hydraulic prior art), and *Graphicana Corp. v. Baia Corp.*, 472 F.2d 1202, 1204 [176 USPQ 455, 456] (6th Cir. 1973) (accused structure's base that may cause marring is not a "mar-proof" base means). No authority is cited by the plaintiff to support its argument that words appearing before the "means" in a means plus function clause are to be ignored. Moreover, plaintiff's remarks accompanying the amendment where the terms "relay" and "holding circuit" were added to the claim specifically stated that a relay and a holding circuit were included in the subject matter of the claim.

9. Infringement under the Doctrine of Equivalents is circumscribed by the Doctrine of Prosecution History Estoppel. *See Builders Concrete, supra*, 757 F.2d at 258 [225 USPQ at 241-242]. That latter doctrine blocks finding infringement by equivalency if the

accused device falls outside the scope of any amendment made to the claims to overcome a prior art rejection. As the Federal Circuit recently stated:

> This doctrine bars a patentee from construing its claims in a way that would resurrect subject matter previously surrendered during prosecution of the patent application, and thus it prevents a patentee from enforcing its claims against otherwise legally equivalent structures if those structures were excluded by claim limitations added in order to avoid prior art. *Mannesman Demag Corp. v. Engineered Metal Products Co., Inc.*, 793 F.2d 1279, 1284 [230 USPQ 45, 47-48] (Fed. Cir. 1986).

See also Chemical Engineering v. Essef Industries, 795 F.2d 1565, 1572 & n.8 [230 USPQ 385, 391] (Fed. Cir. 1986). As the Supreme Court has stated, "By the amendment [plaintiff] recognized the difference between the two phrases and proclaimed his abandonment of all that is embraced in the difference." *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 136, 62 S.Ct. 513, 86 L.Ed. 736, 744 [52 USPQ 275, 279] (1942).

10. As the Federal Circuit also recently stated, "[Plaintiff] is *estopped* from now broadening the description of a claim element limited during prosecution so as to encompass a structure which a competitor should reasonably be entitled to believe is not within the legal boundaries of the patent claims in suit." *Prodyne Enterprises, Inc. v. Julie Pomerantz, Inc.*, 743 F.2d 1581, 1583 [223 USPQ 477, 478] (Fed. Cir. 1984) (emphasis in original).

11. Claim 1 of the '656 patent is not infringed by defendant's accused machines.

IT IS SO ORDERED.

APPENDIX D

APPENDIX D

Appeal No. 87-1595

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ENT CLOSED
FILED
JUL 29
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
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ORIGINAL

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FORTEL CORPORATION, a California Corporation,	)	Civ. No. 85-6656-LEW (JRx)
Plaintiff,	)	JUDGMENT OF INVALIDITY OF CLAIMS 1-3 OF U.S. PATENT NO. 3,903,369
v.	)	
PHONE-MATE, INC., a California Corporation; Defendant.	)	(Proposed by Defendant)

This Court has considered defendant's motion for summary judgment that claims 1-3 of plaintiff's U.S. Patent No. 3,903,369 are invalid, and has reviewed the memoranda, exhibits, declarations, pleadings and other papers filed by the parties, and has heard the oral

arguments of counsel at a hearing held on June 8, 1987,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that claims 1-3 of plaintiff's U.S. Patent No. 3,903,369 are invalid.

Dated: 17 Jul 87

LAUGHLIN E. WATERS
U.S. District Court Judge

JUL 30 1987

Presented by:
Paul L Gardner
Paul L. Gardner
Attorney for Defendant
PHONE-MATE, INC.

Approved as to form:
JESSUP, BEECHER & SLEHOFER

By:
Keith Beecher,
Attorneys for Plaintiff

APPENDIX E

APPENDIX E

APPEAL NO. 87-1595.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office

Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

SERIAL CONT NO	FILING DATE	PATENT UNDER REEXAMINATION	ATTORNEY DOCKET NO
[illegible]	[illegible]	[illegible]	[illegible]

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EXAMINER	
[illegible]	
ART UNIT	PAPER NUMBER
[illegible]	13

DATE MAILED:

[illegible]

This is a communication from the examiner in charge of this reexamination.

COMMISSIONER OF PATENTS AND TRADEMARKS

☑ Responsive to the communication filed on 9 Feb 1987. ☑ This action is made final.

A shortened statutory period for response to this action is set to expire two month(s), ___ days from the date of this letter. Failure to respond within the period for response will cause termination of the prosecution of a reexamination proceeding in accordance with this action.

Part I THE FOLLOWING ATTACHMENT(S) ARE PART OF THIS ACTION:

1. ☐ Notice of References Cited by Examiner, PTO-892
2. ☐ Notice of Informal Patent Drawing, PTO-948
3. ☐ Notice of References Cited, PTO-1449
4. ☐ _____

Part II SUMMARY OF ACTION:

1. ☑ Claims 1-5 are subject to reexamination.
2. ☐ Claims _____ have been cancelled.
3. ☐ Claims _____ are confirmed.
4. ☐ Claims _____ are allowed.
5. ☑ Claims 1-5 are rejected.
6. ☐ Claims _____ are objected to.
7. ☐ The corrected drawings filed on _____ are acceptable.
8. ☐ The drawing correction request filed on _____ has been ☐ approved. ☐ disapproved.
9. ☐ Acknowledgement is made of the claim for priority under 35 U.S.C. 119. The certified copy has ☐ been received. ☐ not been received. ☐ been filed in parent application, Serial Number _____ filed on _____.
10. ☐ Since this proceeding appears to be in condition for issuance of a reexamination certificate except for formal matters, prosecution as to the merits is closed in accordance with the practice under Ex Parte Quayle, 1935 C.D. 11, 453 O.G. 213
11. ☐ Other

APPEAL NO. 87-1595.

REEXAMINATION CONTROL NO. 90/001087

1. Patent owner's response of 9 February 1987 has been carefully considered with the following results.

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless—
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.
>
> (e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Claim 1 is rejected under 35 U.S.C. 102(e) as being anticipated by Konno, '188.

The reference is relied upon for the reasons of record. Patent owner argues: (1) the absence of his claimed third circuit means in the Konno reference: and (2) the absence of the "fourth circuit" of his claimed invention.

R-1 Konno *does* disclose elements TC1 and TC2 and further refers to JP 29-8336 or JP 47-7428 as further reference to such devices.

As stated in the previous Office action, the patent owner's clock pulses are generated in response to the opening and closing of his microswitch element 80, i.e., switch contact. No patentable distinction is seen between the claimed "third circuit means" and the well known counter and counter actuated switch contact as acknowedged in the Konno reference. Giving the claim language the broadest reasonable interpretation, switching elements of the counters are "circuit means". There is no claimed limitation of a *control signal* to count "up" and to count "down".

R-2 The reversing capability allowed by the relay 44 for the rewinding of the tape allows TC1 to be reset to zero and then perform the counting function. When the beginning position is reached, 44 is deenergized which enables the counters to service their direction of counting until TC1 returns to zero.

As claimed, the fourth circuit means "causes" the functions claimed. The examiner deems that the relay device 44 also "causes" the claimed limitations.

3. Claim 1 is rejected under 35 U.S.C. 102(b) as being anticipated by JP 48-14205.

The reference is relied upon for the reasons of record. The presented arguments (same arguments against the Konno reference) are not deemed persuasive for the reasons of record.

4. The following is a quotation of 35 U.S.C. 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art

> are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claim 2 is rejected under 35 U.S.C. 103 as being unpatentable over Konno as applied to claim 1 above, and further in view of JP - 48-14205.

The reasons of record are repeated. Again see pg. 9 of the English translation of the Japanese reference i.e., lines 2-7, which permits "backspacing" of the message tape while the control signal (tone) is present.

5. Claim 3 is rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with JP 48-14205 as applied to claim 2 above.

The reasons of record are repeated. As recited on column 4 lines 34-38 of Konno, only *after* the remote control signal (tone) ceases, the tape reverses direction; and additionally, see column 5, lines 56 to 66. The system in Konno is responsive to the *duration* of the tone signal.

6. Claim 4 is rejected under 35 U.S.C. 103 as being unpatentable over Konno as applied to claim 1 above, and further in view of JP 43-14205.

The reasons of record are repeated. The examiner maintains the rejection of the claim.

7. Claim 5 is rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with JP 48-14205 as applied to claim 4 above.

The reasons of record are repeated. The examiner maintains the rejection of the claim.

8. The following is a quotation of 35 U.S.C. 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences betwen the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claims 1-5 are rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with Silverman.

The reasons of record are maintained. This rejection has been presented in light of patent owners misinterpretation of his claims. The Silverman references teaches "electronic" counters and circuit elements to generate "electronic" clock pulses. The examiner maintains the equivalence of mechanical and electronic counters, and the presented rational for preferring "electronic" counters over mechanical counters.

9. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a). The practice of automatically extending the shortened statutory period an additional month upon the filing of a timely first response to a final rejection has been discontinued by the Office. See 1021 TMOG 35.

A SHORTENED STATUTORY PERIOD FOR RESPONSE TO THIS FINAL ACTION IS SET TO EXPIRE THREE MONTHS FROM THE DATE OF THIS ACTION. IN THE EVENT A FIRST RESPONSE IS FILED WITHIN TWO MONTHS OF THE MAILING DATE OF THIS FINAL ACTION AND THE ADVISORY ACTION IS NOT MAILED UNTIL AFTER THE END OF THE THREE-MONTH SHORTENED STATUTORY PERIOD, THEN THE SHORTENED STATUTORY PERIOD WILL EXPIRE ON THE DATE THE ADVISORY ACTION IS MAILED, AND ANY EXTENSION FEE PURSUANT TO 37 CFR 1.136(a) WILL BE CALCULATED FROM THE MAILING DATE OF THE ADVISORY ACTION. IN NO EVENT WILL THE STATUTORY PERIOD FOR RESPONSE

EXPIRE LATER THAN SIX MONTHS FROM THE DATE OF THIS FINAL ACTION.

A.M. Psitos/jrm
(703) 557-0470
2/24/87

cc: Spensley, Horn, Jubas & Lubitz
1880 Century Park East, Suite 500
Los Angeles, CA 90067

APPENDIX F

APPENDIX F

35 U.S.C.

§102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless —

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

(Amended July 28, 1972, Public Law 92-358, sec. 2, 86 Stat. 501; November 14, 1975, Public Law 94-131, sec. 5, 89 Stat. 691.)

§103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was

made, owned by the same person or subject to an obligation of assignment to the same person.
(Added November 8, 1984, Public Law 98-622, sec. 103, 98 Stat. 3384.)

§112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other

multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents therof.
(Amended July 24, 1965, Public Law 89-83, sec. 9, 79 Stat. 261; November 14, 1975, Public Law 94-131, sec. 7, 89 Stat. 691.)

§141. Appeal to Court of Appeals for the Federal Circuit

An applicant dissatisfied with the decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title may appeal the decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal the applicant waives his or her right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal in accordance with section 142 of this title, files notice with the Commissioner that the party elects to have all further proceedings conducted as provided in section 146 of this title. If the appellant does not,

within thirty days after filing of such notice by the adverse party, file a civil action under section 146, the decision appealed from shall govern the further proceedings in the case.
(Amended November 8, 1984, Public Law 98-622, sec. 203(a), 98 Stat. 3387.)

§251. Reissue of defective patents

Whenever any patent is, through error without any deceptive intenton, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied

for within two years from the grant of the original patent.

§282. Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as

anticipation of the patent in suit or, except in actions in the United States Claims Court, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

Invalidity of the extension of a patent term or any portion thereof under section 156 of this title because of the material failure —

(1) by the applicant for the extension, or

(2) by the Commissioner,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

(Amended July 24, 1965, Public Law 89-83, sec. 10, 79 Stat. 261; November 24, 1975, Public Law 94-131, sec. 10, 89 Stat. 692; September 24, 1984, Public Law 98-417, sec. 203, 98 Stat. 1603.)

§301. Citation of prior art

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior

art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential. (Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3015.)

§302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3015.)

§303. Determination of issue by Commissioner

(a) Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Commissioner

may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.

(b) A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Commissioner may refund a portion of the reexamination fee required under section 302 of this title.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3015.)

§304. Reexamination order by Commissioner

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested

reexamination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016.)

§305. Conduct of reexamination proceedings

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, will be conducted with special dispatch within the Office.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016; Amended November 8, 1984, Public Law 98-622, Sec. 204 (c), 98 Stat. 3388.)

§306. Appeal

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016.)

§307. Certificate of patentability, unpatentability, and claim cancellation

(a) In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

(b) Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used anything patented by such proposed amended or new claim, or who made

substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016.)

§1.565 Concurrent office proceedings

(a) In any reexamination proceeding before the Office, the patent owner shall call the attention of the Office to any prior or concurrent proceedings in which the patent is or was involved such as interferences, reissue, reexaminations, or litigation and the results of such proceedings.

(b) If a patent in the process of reexamination is or becomes involved in litigation or a reissue application for the patent is filed or pending, the Commissioner shall determine whether or not to stay the reexamination or reissue proceeding.

(c) If reexamination is ordered while a prior reexamination proceeding is pending, the reexamination proceedings will be consolidated and result in the issuance of a single certificate under §1.570.

(d) If a reissue application and a reexamination proceeding on which an order pursuant to §1.525 has been mailed are pending concurrently on a patent, a decision will normally be made to merge the two proceedings or to stay one of the two proceedings. Where merger of a reissue application and a reexamination proceeding is ordered, the merged examination will be conducted in accordance with §§1.171 through 1.179 and the patent owner will be required to place and maintain the same claims in the reissue application and the reexamination proceeding during the pendency of the merged proceeding. The examiner's actions and any responses by the patent owner in a merged proceeding will apply to both the reissue application and the reexamination proceeding

and be physically entered into both files. Any reexamination proceeding merged with a reissue application shall be terminated by the grant of the reissued patent.

(e) If a patent in the process of reexamination is or becomes involved in an interference, the Commissioner may stay reexamination or the interference. The Commissioner will not consider a request to stay an interference unless a motion (§1.635) to stay the interference has been presented to, and denied by, an examiner-in-chief and the request is filed within ten (10) days of a decision by an examiner-in-chief denying the motion for a stay or such other time as the examiner-in-chief may set.

(46 FR 29185, May 29, 1981, as amended at 47 FR 21753, May 19, 1982; 49 FR 48455, Dec. 12, 1984; 50 FR 23123, May 31, 1985.)

2242 Criteria for Deciding Request [R-4]

SUBSTANTIAL NEW QUESTION OF PATENTABILITY

The presence or absence of "a substantial new question of patentability" determines whether or not reexamination is ordered. The meaning and scope of the term "a substantial new question of patentability" is not defined in the statute and must be developed to some extent on a case-by-case basis. In making a determination whether or not "a substantial new question of patentability" is present the examiner must consider the materiality of the prior art patents and printed publications to the claims of the patent for which reexamination is requested. If the prior art patents and printed publications are material to the reexamination of at least one claim of the patent, then a substantial new question of patentability is present, unless it is clear to the examiner that the same question of patentability has already been decided by →(1)← a federal court or →(2)← by the Office either in the original examination →, the examination of a reissue patent,← or an earlier concluded reexamination. →The answer to the question of whether "a substantial new question of patentability" exists, and therefore whether reexamination may be had, is decided by the Commissioner, and, as 35 U.S.C. 303 provides, that determination is final, i.e. not subject to appeal. See *In re Etter*, 225 USPQ 1 (Fed. Cir. 1985).←

A prior art patent or printed publication is material to the examination of a claim of the patent where there is substantial likelihood that a reasonable examiner

would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable. Thus, in making the determination on the request the examiner should consider the materiality of the prior art patents and/or printed publications and, if they are found to be material, should find "a substantial new question of patentability" unless the same question of patentability has already been decided as to the claim by a federal court or favorably by the Office. For example, the same question of patentability may have already been decided by the Office where the examiner finds the additional prior art patents or printed publications are merely cumulative to similar prior art already fully considered by the Office in a previous examination of the claim.

For "a substantial new question of patentability" to be present it is only necessary that (1) the prior art patents and/or printed publications be material to the examination of at least one claim and (2) the same question of patentability as to the claim has not been decided by the Office in a previous examination or by the federal courts in a decision on the merits involving the claim. It is not necessary that a "prima facie" case of unpatentability exist as to the claim in order for "a substantial new question of patentability" to be present as to the claim. Thus, "a substantial new question of patentability" as to a patent claim could be present even if the examiner would not necessarily reject the claim as either fully anticipated by, or obvious in view of, the prior patents or printed publications. The difference between "a substantial new question of patentability" and a "prima facie" case of unpatentability is important.

In order to further clarify the meaning of "a substantial new question of patentability" certain situations are outlined below which, if present, should be considered when making a decision as to whether or not "a substantial new question of patentability" is present.

POLICY IN SPECIFIC SITUATIONS

1. Prior Favorable Decisions by the Patent and Trademark Office on the Same or Substantially Identical Prior Art in Relation to the Same Patent

If the Office has previously decided the same question of patentability as to a patent claim favorable to the patent owner based on the same or substantially identical prior art patents or printed publications it is unlikely that "a substantial new question of patentability" will be present absent a showing that material new arguments or interpretations raise "a substantial new question of patentability." Material new arguments or interpretations can raise "a substantial new question of patentability" as to prior art patents or printed publications already considered by the Office. →In this regard see *Ex Parte Chicago Rawhide Manufacturing Co.*, 223 USPQ 351 (PTO Bd. App. 1984).← However, the "substantial new question" requirement would generally mean that an argument presented which has been already decided by the Office as to a particular claim would not raise "a substantial new question of patentability" as to that claim.

2. Prior Adverse Decisions by the Office on the Same or Substantially Identical Prior Art in the Same Patent

A prior decision adverse to the patentability of a claim of a patent by the Office based upon prior art patents or printed publications would usually mean that "a substantially new question of patentability" is present. such an adverse decision by the Office could arise from a reissue application which was abandoned after rejection of the claim and without disclaiming the patent claim.

3. Prior Adverse Reissue Application Final Decisions by a Commissioner or the Board of →Patents← Appeals →and Interferences← Based Upon Grounds Other Than Patents or Printed Publications

Any prior adverse final decision by a Commissioner, or the Board of →Patents← Appeals →and Interferences,← on an application seeking to reissue the same patent on which reexamination is requested will be considered by the examiner when determining whether or not "a substantial new question of patentability" is present. To the extent that such prior adverse final decision was based upon grounds other than patents or printed publications the prior adverse final decision will not be considered in determining whether or not "a substantial new question of patentability" is present. If a prior final decision by the Board of →Patents← Appeals →and Interferences← in a reissue application affirmed the rejection of patent claims on grounds other than patents or printed publications, for example, because of fraud in obtaining the original patent, such information will be noted on the certificate.

4. Prior Favorable or Adverse Decisions on the Same or Substantially Identical Prior Patents or Printed Publications in Other Cases not Involving the Patent.

While the Office would consider decisions involving substantially identical patents or printed publications in determining whether a "substantial new question of patentability" is raised, the weight to be given such decisions will depend upon the circumstances. For example, if the Office has used the same or substantially identical prior art to reject the same or similar claims in another application or patent under reexamination, this would be considered as being material in making a determination. Similarly, if a foreign patent office or a foreign court has used the same or substantially identical prior art to reject or invalidate the same or similar claims, this would be considered as being material in making the determination. Likewise, if a United States Court has invalidated similar claims in another patent based on the same or substantially identical prior patents or printed publications, this would be considered as being material in making the determination. Favorable decisions on the same or substantially identical prior patents or printed publications in other cases would be considered, but would not be controlling.

POLICY WHERE A FEDERAL COURT DECISION HAS BEEN ISSUED ON THE PATENT

If a federal court decision *on the merits* of a patent is known to the examiner at the time the determination on the request for reexamination is made, the following guidelines will be followed by the examiner, whether or not the person who filed the request was a party to the litigation:

(1) No substantial new question of patentability will be found based on (a) the same prior art which was

before the federal court; (b) prior art which is merely cumulative to that which was before the court; and (c) issues which were actually solved on the merits by the court.

(2) In making the determination the examiner will compare the prior art and issues raised in the request with the prior art before the federal court and the issues resolved on the merits by the court, without regard to either the finality of the court decision or whether the claims were held valid or invalid.

(3) Where the claims were all held invalid by a federal court decision for any reason no substantial new question of patentability will be found.

(4) Where claims have been held valid by the federal court, reexamination will be ordered by the examiner if (a) additional prior art is relied on which is not merely cumulative to that before the court; (b) the additional prior art raises issues which were not resolved on the merits by the court; and (c) the additional prior art is material to the examination of at least one claim.

(5) Where the patent contains claims in addition to those upon which the federal court ruled, reexamination will be ordered if (a) a substantial new question of patentability as to those additional claims is present and (b) the same question was not resolved by the court in its decision.

(6) →In making the determination on a request, a consent judgment that claims are valid will be treated as a decision on the merits insofar as the parties to the litigation (or their proxy) are concerned. A consent judgment of validity or invalidity hs no effect as to requests filed by a person not a party to the litigation.←

(→7←) All determinations on requests for reexamination which the examiner makes after a federal court decision must be approved by the examining group director.

Prior Decisions by a Federal Court on the Same or Substantially Identical Prior Art in Relation to the Same Patent

A decision on the merits by a federal court will normally be controlling as to whether or not "a substantial new question of patentability" exists on the same, or substantially the same, prior art. Thus, the Office will not find "a substantial new question of patentability" to be present where the patent owner had obtained a decision, either favorable or adverse, in a federal court on the same or substantially identical prior art. Furthermore, the Office will not find "a substantial new question of patentability" to exist where such a question has actually been resolved by a federal court on the merits.

CLAIMS HELD VALID

Where additional prior art is relied upon in the request, and claims were held valid by the court, consideration will be given as to whether or not the additional prior art is merely cumulative. If the prior art is merely cumulative, no substantial new question of patentability is present. However, if the additional prior art is not cumulative, consideration will be given as to whether or not the additional prior art presents a substantial new question of patentability.

ALL CLAIMS INVALID

Where a federal court decision has held all of the claims in the patent to be invalid for any reason, no substantial new question of patentability will be found by the Patent and Trademark Office, even if material additional prior art is presented in a request. Since a federal court has already decided that the patent claims are invalid, no reason is seen for using Office resources to consider the matter further. The Office will give full faith and credit to the court decision. Reexamination should be denied as there is no substantial new question of patentability.

ONLY SOME CLAIMS INVALID

Where a request for reexamination has been filed in a patent in which a federal court decision has been issued holding less than all of the claims invalid, only those claims not held invalid will be considered to determine if "a substantial new question of patentability" is present.

If reexamination is ordered, the reexamination will only be made as to those claims not held invalid by the court decision. The claims held invalid by the court decision will not be reexamined and the order and certificate will so indicate.

→CONSENT JUDGEMENT

A consent judgment is treated differently than a court decision on the merits. If a request for reexamination is filed by a person who was not a party to the litigation, the request may present a substantial new question of patentability even though the question

was agreed upon by the interested parties in the consent judgment. Since an agreement is only binding as to the parties involved, it is not a final resolution of the matter as to other members of the public or the Office. See *Houston Atlas Inc. et al v. Del Mar Scientific, Inc. et al*, 217 USPQ 1032, 1037 (N.D. Tex. 1982).

A consent judgment is treated as a "decision on the merits" as to the parties of the litigation, and is controlling as to all of the claims covered in the consent judgment with regard to *any* prior art (before the court or otherwise).

If the consent judgment does not cover all of the claims in the reexamination, the reexamination should be ordered only as to those claims not covered by the consent judgment. The claims covered by the consent judgment will not be addressed in the reexamination in view of the consent judgment.

A stipulated dismissal is not considered to be "a decision on the merits." See *In re Long*, 230 USPQ 559 (Comr. Pats. 1986).←

Any situations requiring clarification should be brought to the attention of the Office of the Assistant Commissioner for Patents.

2286 Reexamination and Litigation Proceedings [R-4]

The federal courts and the Patent and Trademark Office are jointy responsible for the overall administration of the patent system. In view of that joint responsibility, and since maximum benefit to the patent system occurs when the Office and the federal courts act in harmony, it is the policy of the Office that it will not "relitigate" in a reexamination proceeding an issue

of patentability which has been resolved by a federal court on the merits after a thorough consideration of the prior art called to its attention in an adversary context. See *In re Pearne et al.* 212 USPQ 466 (Comr. Pat. 1981).

While it is the policy of the Office to act in harmony with the federal courts, 35 U.S.C. 302 permits a request for reexamination to be filed "at any time." Thus, requests for reexamination are frequently filed where the patent for which reexamination is requested is involved in concurrent litigation. The guidelines set forth below will generally govern Office handling of reexamination requests where there is concurrent litigation in the federal courts.

COURT ORDERED REEXAMINATION PROCEEDING OR LITIGATION STAYED FOR REEXAMINATION

Any request for reexamination which indicates that it is filed as a result of an order by a court or that litigation is stayed for the filing of a reexamination request will be taken up by the examiner for decision six weeks after the request was filed. See →MPEP← 2241. If reexamination is ordered, the examination following the statement by the patent owner under *→37 CFR← 1.530 and the reply by the requester under *→37 CFR← 1.535 will be expedited to the extent possible. Office actions in this reexamination proceedings will normally set a one month shortened statutory period for response rather than the two months usually set in reexamination proceedings. See *→MPEP← 2263. This one month period may be extended only upon a showing of sufficient cause. See *→MPEP← 2265. See generally *Raytek, Inc. v. Solfan Systems Inc.*, 211 USPQ

405 (N.D. Cal., 1981); *Dresser Industries, Inc. v. Ford Motor Co., et al,* 211 USPQ 1114 (N.D., Texas 1981); *Digital Magnetic Systems, Inc. v. Ansley,* 213 USPQ 290 (W. D. Okla., 1982); **Gould v. Control Laser Corp.,* 217 USPQ 985 (*→Fed. Cir.← 1983); →*The Toro Co. v. R. L. Nelson Corp.,* 233 USPQ 636 (C.D. Ill. 1984); *In re Vamco Machine and Tool, Inc.,* 224 USPQ 617 (Fed. Cir. 1985); and *Loffland Bros. Co. v. Mid-Western Energy Corp.,* 225 USPQ 886 (W.D. Okla 1985).←

FEDERAL COURT DECISION KNOWN TO EXAMINER AT THE TIME THE DETERMINATION ON THE REQUEST FOR REEXAMINATION IS MADE

If a federal court decision *on the merits* of a patent is known to the examiner at the time the determination on the request for reexamination is made, the following guidelines will be followed by the examiner, whether or not the person who filed the request was a party to the litigation:

(1) No substantial new question of patentability will be found based on (a) the same prior art which was before the federal court; (b) prior art which is merely cumulative to that which was before the court; and (c) issues which were actually resolved on the merits by the court.

(2) In making the determination the examiner will compare the prior art and issues raised in the request with the prior art before the federal court and the issues resolved on the merits by the court, without regard to either the finality of the court decision or whether the claims were held valid or invalid.

(3) Where the claims were all held invalid by a federal court decision for any reason no substantial new question of patentability will be found.

(4) Where claims have been held valid by the federal court, reexamination will be ordered by the examiner if (a) additional prior art is relied on which is not merely cumulative to that before the court; (b) the additional prior art raises issues which were not resolved on the merits by the court; and (c) the additional prior art is material to the examination of at least one claim.

(5) Where the patent contains claims in addition to those upon which the federal court ruled, reexamination will be ordered if (a) a substantial new question of patentability as to those additional claims is present and (b) the same question was not resolved by the court in its decision.

→(6) In making the determination on a request, a consent judgment that claims are valid will be treated as a decision on the merits insofar as the parties to the litigation (or their proxy) are concerned. A consent judgment of validity or invalidity has no effect as to requests filed by a person not a party to the litigation.←

(7) All determinations on requests for reexamination which the examiner makes after a federal court decision must be approved by the examining group director.

For a discussion of the policy in specific situations where a federal court decision has been issued see *→MPEP← 2242.

REEXAMINATION WITH CONCURRENT LITIGATION BUT ORDERED PRIOR TO FEDERAL COURT DECISION

In view of the statutory mandate to make the determination on the request within three months, the Office realistically has no choice but to make the determination on the request based on the record before the examiner without awaiting a decision by the Federal court. It is not realistic to attempt to determine what issues will be treated by the Federal court prior to the court decision. Accordingly, the determination on the request will be made without considering the issues allegedly before the court. If reexamination is ordered the reexamination will continue until the Office becomes aware that a trial on the merits has begun at which time the reexamination proceeding normally will be stayed, *sua sponte* by the examining group director unless a proper petition to stay has been filed which is not rendered moot by the *sua sponte* stay. Such petition will be referred to the Office of the Assistant Commissioner for Patents. →See generally *Patlex Corporation v. Mossinghoff*, 252 USPQ 243, 252 (Fed. Cir. 1985).← The patent owner is required by 37 CFR 1.565(a) to call the attention of the Office to any prior or concurrent proceeding in which the patent is or was involved and thus has an obligation to promptly notify the Office that a trial on the merits has begun in the Federal court.

FEDERAL COURT DECISION ISSUES AFTER REEXAMINATION ORDERED

Pursuant to 37 CFR 1.565(a), the patent owner in a reexamination proceeding must promptly notify the

Office of any Federal court decision involving the patent. Where the reexamination proceeding is currently stayed and the court decision issues, or the Office becomes aware of a court decision relating to a pending reexamination proceeding, the order to reexamine is reviewed to see if a substantial new question of patentability is still present. If no substantial new question if patentability is present the order to reexamine is vacated by the examining group director and reexamination is terminated. See *In re Hunter*, 213 USPQ 211 (Comr. Pats. 1982); and *In re Wichterle* et al, 213 USPQ 868 (Comr. Pats. 1982).

In making the review after the court decision the examiner will follow the same guidelines set forth above when making a determination after a court decision. If the review reveals that only different nonoverlapping issues are present, the reexamination proceeding will continue on the different nonoverlapping issues and any previously ordered stay will be lifted after the lower court's decision. If the review reveals that any of the different issues are, or may be, overlapping with the issues decided by the court, the reexamination proceeding will be stayed, *sua sponte*, by the examining group director and any previously ordered stay will be continued until the court decision becomes final.

Once the court decision is issued it is controlling. In circumstances where vacating the order is not appropriate, claims not under consideration because of the court decision will be indicated as having been withdrawn from consideration because of the court decision. Since claims held invalid will be withdrawn from consideration and not reexamined during a reexamination proceeding no rejection on the ground

of collateral estoppel will be appropriate in reexamination.

*A consent judgment is treated as a "decision on the merits" as to the parties of the litigation, and is controlling as to all of the claims covered in the consent judgment with regard to *any* prior art (before the court or otherwise). If a consent judgment between the patent owner and the reexamination requester issues, the reexamination proceeding should be reviewed to determine whether a substantial new question of patentability remains. If the consent judgment covers all of the claims in the reexamination, notwithstanding the prior art, the order to reexamine should be vacated by the group director and the reexamination terminated (with refund provided in 37 CFR 1.26(c)). In this regard see *In re Johnson*, 230 USPQ 240 (Comm. Pats. 1986). If the consent judgment does not cover all of the claims in the reexamination, the reexamination should continue only as to those claims not covered by the consent judgment. The claims covered by the consent judgment should be noted as not being addressed in the reexamination in view of the consent judgment.

A consent judgment has no affect on a reexamination filed by a person who is not a party to the consent judgment. Since a consent judgment is only binding as to the parties involved, it is not a final resolution of the matter as to other members of the public or the Office. See *Houston Atlas v. Del Mar Scientific*, 217 USPQ 1032, 1037 (N.D. Tex. 1982).

A stipulated dismissal is not considered to be a "decision on the merit".←

PETITION TO STAY REEXAMINATION PROCEEDING BECAUSE OF LITIGATION

Any petition to stay a reexamination proceeding, because of litigation, which is filed prior to the determination (*→37 CFR← 1.515) and order to reexamine (*→37 CFR← 1.525) will not be considered, but will be returned to the party submitting the same by the examining group director. The decision returning such a premature petition will be made of record in the reexamination file, but no copy of the petition will be retained by the Office. See *→MPEP← 2267.

A petition →under 37 CFR 1.182← to stay the reexamination proceeding because of litigation may be filed by the patent owner as a part of the patent owner's statement under →*37 CFR← 1.530 or subsequent thereto. If a party to the litigation, other than the patent owner, is a requester of the reexamination, that party may petition →under 37 CFR 1.182← to stay the reexamination proceeding only if a reply pursuant to →*37 CFR← 1.535 is proper. Otherwise the requester may only notify the Office of the litigation pursuant to *→37 CFR←1.565(a) and *→MPEP← 2282. If the other party to litigation is not the requester, any petition by that party is improper under *→37 CFR← 1.550(e) and will not be considered. Any such improper petitions will be returned to the party submitting the same by the examining group director. Petitions to stay, filed subsequent to the date of the order for reexamination, will be referred to the Office of the Assistant Commissioner for Patents for decision. All decisions on the merits of petitions to stay reexamination proceedings because of litigation will be made in the Office of the Assistant Commissioner for Patents on a case-by-case basis. If a timely petition to

stay is filed, the examiner should forward the reexamination and patent files to the Office of the Assistant Commissioner for Patents for consideration.

LITIGATION REVIEW AND GROUP DIRECTOR APPROVAL

In order to ensure that the Office is aware of prior or concurrent litigation the examiner is responsible for conducting a reasonable investigation for evidence as to whether the patent for which reexamination is requested has been or is involved in litigation. The investigation will include a review of the reexamination file, the patent file, and the litigation records maintained in the law library including the litigation card files and Shepard's U.S. Citations.

If the examiner discovers, *at any time* during the reexamination proceeding, that there is litigation or that there has been a federal court decision on the patent, the fact will be brought to the attention of the group director prior to any further action by the examiner. The group director must approve any action taken by the examiner in such circumstances.

FEDERAL COURT DECISION CONTROLLING IN REEXAMINATION PROCEEDING

Once a federal court has ruled upon the merits of a patent and reexamination is still appropriate under the guidelines set forth above, the federal court decision will be considered controlling and will be followed as to issues resolved on the merits by the court. The reexamination proceeding will be stayed where appropriate until the court decision becomes final. A

consent judgment is not controlling as to requests filed by a person not a party to the litigation. →See *Houston Atlas, Inc. et al v. Del Mar Scientific, Inc. et al,* 217 USPQ 1032, 1037 (N.D. Tex. 1982).←

APPENDIX G

APPENDIX G

1. In a telephone answering system for responding to telephone messages received over a telephone line and which includes a message storage means for recording the message, the combination of: a tone sensing circuit coupled to the telephone line for sensing a tone signal of a predetermined frequency received over the line and for producing an output in response thereto; first circuit means coupled to said tone sensing circuit and responsive to said output for introducing a rewind control signal to the telephone answering system and to cause said message storage means to return to a reference position; an up-down counter for measuring the displacement of said message storage means from its reference position; second circuit means coupled to said up-down counter for terminating said rewind signal when said message storage means is returned to said reference position and for then introducing a playback control signal to the telephone answering system to cause the telephone answering sytem to transmit the messages recorded on said message storage means over the telephone line; third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated; and fourth circuit means coupled to said second circuit means for causing said up-down counter to count from a reference count to a further count as said message storage means is being returned to its reference position, and for causing said up-down counter to return to its reference count as the telephone answering system is transmitting the messages recorded on said message storage means, said second circuit means terminating the introduction of said playback control

signal to the telephone answering system when said up-down counter returns to its reference count.